

SERVICE AGREEMENT
FOR THE
SOUTH CENTRAL WASTEWATER AUTHORITY

EFFECTIVE JULY 2, 1996

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SERVICE AGREEMENT

THIS AGREEMENT, made and entered into this 2d day of July, 1996, is by and among the City of Petersburg, a municipal corporation chartered by the Commonwealth of Virginia, the City of Colonial Heights, a municipal corporation chartered by the Commonwealth of Virginia, Chesterfield County, a political subdivision of the Commonwealth of Virginia, Dinwiddie County, a political subdivision of the Commonwealth of Virginia, and Prince George County, a political subdivision of the Commonwealth of Virginia (collectively the "Incorporating Subdivisions"), Dinwiddie County Water Authority ("DCWA"), a public body politic and corporate established pursuant to the Virginia Water and Sewer Authorities Act, Chapter 28, Title 15.1 of the Code of Virginia (1950), as amended (the "Act"), and the South Central Wastewater Authority (the "Authority"), a public body politic and corporation established pursuant to the Act;

R E C I T A L S:

WHEREAS, the Incorporating Subdivisions have, by concurrent resolutions, agreed to create the Authority and have done so in accordance with the Act; and

WHEREAS, the purposes of the Authority include the acquisition, expansion, improvement, operation and maintenance of wastewater treatment facilities formerly owned by the City of Petersburg, located on Pocahontas Island in the City of Petersburg and Chesterfield County, and hereinafter defined as the "Facilities"; and

WHEREAS, the Authority, pursuant to its Charter, intends to provide wastewater treatment services to the Incorporating Subdivisions; and

WHEREAS, the Incorporating Subdivisions desire to establish an equitable basis for apportioning among themselves the costs of operating, maintaining, financing, improving and expanding the Facilities;

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements contained herein, the Incorporating Subdivisions hereby mutually represent, covenant and agree as follows:

SECTION 1 - DEFINITIONS

As used herein, the following terms shall have the meanings set forth below, unless the context clearly requires otherwise:

"Average Daily Wastewater Flow" shall be the total flow of Wastewater introduced by an Incorporating Subdivision directly or indirectly into the Facilities, as the context requires, during the Month, divided by the number of days in such Month (expressed in million gallons per day).

"BOD₅" (biochemical oxygen demand) shall mean the quantity of oxygen used in the biochemical oxidation of organic matter in five days at 20°C (expressed in milligrams per liter ("mg/l")). The procedure for determining BOD₅ shall be that found in 40 C.F.R. Part 136, as that regulation may be amended from time to time.

"Bond Fund" shall mean the Bond Fund established in the Bond Resolution.

"Bond Resolution" shall mean the resolution as adopted by the Authority on June 25, 1996, providing for the assumption of the RLF Bond and authorizing the execution and delivery of certain documents related thereto, as it may be amended by its terms.

"Bonds" shall mean, collectively, any series of bonds, notes or other obligations issued by the Authority, other than the RLF Bond.

"Capital Charges" shall mean, with respect to any Incorporating Subdivision, the amounts payable by the Incorporating Subdivision under Section 11 of this Agreement.

"Colonial Heights RLF Reserve Account" shall mean the reserve account for Colonial Heights within the Debt Service Reserve Fund and established in the Bond Resolution.

"DCWA" shall mean that public body politic and corporate established pursuant to the Virginia Water and Sewer Authorities Act, Chapter 28, Title 15.1 of the Code of Virginia, as amended, and authorized to provide sewage conveyance and treatment services to Dinwiddie.

"DCWA Courthouse System" shall mean all plants, systems, facilities, equipment or property owned, operated or maintained by DCWA in the Courthouse service area in Dinwiddie County, and used in connection with the supply, treatment, storage or distribution of water and the collection, transmission,

pretreatment, treatment or disposal of Wastewater by DCWA, the revenues from which were pledged to secure DCWA's Water and Sewer System Revenue and Refunding Bonds, Series of 1994, which DCWA issued on March 10, 1994, and sold to VRA.

"Debt Service Reserve Fund" shall mean the Debt Service Reserve Fund established in the Bond Resolution.

"DEQ" shall mean the Department of Environmental Quality, created and acting under Chapter 11.1, Title 10.1 of the Code of Virginia of 1950, as amended.

"Equipment Replacement and Reserve Fund" shall mean the Equipment Replacement and Reserve Fund established in the Bond Resolution.

"Facilities" shall mean the wastewater treatment plant and any pipe, fixtures or other equipment on the Authority's property, located on Pocahontas Island, and other rights with respect thereto, all as described on Schedule A, and as the same may at any time exist.

"Facilities Transfer Agreement" shall mean the agreement dated as of July 2, 1996, between Petersburg and the Authority, relating to the transfer of the Facilities to Authority.

"Fiscal Year" shall mean in respect to the Authority the twelve months beginning on July 1 and ending on June 30, or such other twelve month period as may be determined by the Authority.

"Force Majeure" shall mean any cause or causes which the party asserting the same is not, despite all reasonable efforts, able to prevent or overcome, including acts of God; strikes,

lockouts or other labor disputes; riots; civil strife; war; acts of a public enemy; landslides; lightning; fires; explosions; storms or floods; interruptions caused by actions of the United States or the Commonwealth of Virginia or any court action; present and future orders of any regulatory body having proper jurisdiction; or inability to secure or delay in securing labor or materials, including delays in securing labor or materials by reason of allocations promulgated by authorized governmental agencies; or the sudden and unanticipated mechanical failure of necessary equipment.

"Gross Revenues" shall mean, with respect to any particular Incorporating Subdivision, all moneys received by such Incorporating Subdivision in connection with or as a result of its ownership or operation of such Incorporating Subdivision's System, including the income derived by such Incorporating Subdivision from availability fees, connection fees, service fees or any other fees or charges, and other related revenues or funds, and in the case of Petersburg shall include all interest income and other scheduled cash flows from the Rate Stabilization Fund and in the case of DCWA shall include all amounts appropriated to and received by DCWA under the Support Agreement.

"Incorporating Subdivisions" shall mean the City of Petersburg, the City of Colonial Heights, Chesterfield County, Dinwiddie County, and Prince George County. When these government entities are referred to individually, they shall be

referred to as "Petersburg," "Colonial Heights," "Chesterfield," "Dinwiddie," and "Prince George."

"Month" or "Monthly" shall mean calendar month, unless the Agreement specifies otherwise.

"Net Revenues" for a particular Incorporating Subdivision shall mean the difference between (a) the Gross Revenues of the Incorporating Subdivision for any period and (b) the sum of (1) the Incorporating Subdivision's Operating and Maintenance Charges, (2) the ordinary and necessary operating and maintenance expenses of the Incorporating Subdivision's System (excluding depreciation, amortization or interest expense) and (3) surcharges paid by the Incorporating Subdivision to the Authority pursuant to Sections 7 and 8 of this Agreement.

"Operating and Maintenance Charges" shall mean, with respect to any Incorporating Subdivision, the amounts payable by the Incorporating Subdivision under Section 10 of this Agreement.

"Operating and Maintenance Costs" shall mean all current expenses directly or indirectly attributable to the ownership or operation of the Facilities, as more fully set forth on Schedule B (attached hereto and incorporated herein by reference), and shall not include depreciation, amortization or interest expense.

"Operating Fund" shall mean the Operating Fund established in the Bond Resolution.

"Peak Daily Flow Rate" shall mean the maximum allowable flow to the Facilities during a 24-hour calendar day.

"Petersburg Debt" shall mean the portion of debt service, payable by each Incorporating Subdivision other than Petersburg, on certain outstanding general obligation bonds issued by Petersburg, the proceeds of which financed improvements to the Facilities, as detailed on Schedule C.

"Pretreatment Program" shall mean the program as from time to time amended and approved by the State Water Control Board and administered by the Authority pursuant to the Federal Water Pollution Control Act, as amended, the State Water Control Law, as amended, and regulations adopted pursuant thereto. Such program shall include all ordinances, regulations, prohibitions, permits, and standards adopted, issued or imposed by the Authority and the Incorporating Subdivisions to implement such program.

"Prince George RLF Reserve Account" shall mean the reserve account for Prince George within the Debt Service Reserve Fund and established in the Bond Resolution.

"Rate Stabilization Fund" shall mean the fund established pursuant to an Escrow Agreement dated as of July 2, 1996, between Petersburg and Crestar Bank, Richmond, Virginia, as escrow agent, and funded with the cash proceeds of the sale of the Facilities pursuant to the terms of the Facilities Transfer Agreement.

"RLF Reserve Requirement" shall mean with respect to Colonial Heights \$364,293, and with respect to Prince George \$71,340.

"RLF Bond" shall mean the Taxable Water and Sewer Revenue Bond, Series of 1992, initially issued by Petersburg and assigned to and assumed by the Authority on the date of this Agreement.

"RLF Financing Agreement" shall mean the financing agreement dated as of July 1, 1996, between the Authority and the Virginia Water Facilities Revolving Fund (the "RLF"), acting by and through VRA.

"Service Area" shall mean the area described on the map attached as Schedule D.

"Septage" shall mean the liquid and solid material pumped from a septic tank, cesspool, or similar domestic or industrial sewage treatment system.

"Sewerage Conveyance System" shall mean a system of gravity lines, force mains and/or pumping stations conveying wastewater.

"Support Agreement" shall mean the Support Agreement dated as of June 28, 1996, between Dinwiddie and DCWA, as it may be amended from time to time.

"Suspended Solids" shall mean solids that either float on the surface of, or are suspended in, water, Wastewater or other liquids and that are removable by filtration. The procedure for determining concentrations of Suspended Solids shall be analytical procedures set forth in the latest edition at the time of the sampling or testing of "Standard Methods for the Examination of Water and Wastewater," published jointly by the American Public Health Association, the American Water Works Association and the Water Pollution Control Federation.

"System" shall mean, with respect to any particular Incorporating Subdivision, all plants, systems, facilities, equipment, or property owned, operated or maintained by the Incorporating Subdivision, including its Sewerage Conveyance System, and used in connection with (a) the supply, treatment, storage or distribution of water and (b) the collection, transmission, pretreatment, treatment or disposal of Wastewater, all as the same may from time to time exist; provided, however, that in the case of DCWA, "System" shall not include the DCWA Courthouse System; and provided further, that in the case of Chesterfield, "System" shall not include any plants, systems, facilities, equipment or property used in connection with the supply, treatment, storage or distribution of water; and provided further, that all parties hereto acknowledge that the term "System" as defined herein shall not include any plants, systems, facilities, equipment or property owned, operated or maintained by Dinwiddie.

"VRA" shall mean the Virginia Resources Authority, a public body corporate and a political subdivision of the Commonwealth of Virginia.

"Wastewater" shall mean a combination of liquid and water-carried waste from residences, business buildings, institutions and industrial establishments within the Incorporating Subdivisions or any non-member jurisdiction, together with any groundwater, surface water and storm waters that may be present.

SECTION 2 - TERM OF AGREEMENT

A. This Agreement may not be terminated by or as to any party hereto and shall remain in full force and effect from the date of its execution until the date when: (1) the RLF Bond, the Petersburg Debt and the Bonds have been paid or are deemed no longer outstanding; and (2) all Incorporating Subdivisions have unanimously agreed to such termination.

B. An Incorporating Subdivision may withdraw from the Authority and terminate its obligations and rights under this Agreement provided that all conditions contained in Section 2.A. have been fulfilled and the Incorporating Subdivision has complied with the provisions of the Act related to withdrawal from the Authority. No such termination shall become effective until two years after written notice thereof shall have been given to each of the other parties hereto. Withdrawal and termination by one Incorporating Subdivision shall not terminate this Agreement as to the remaining Incorporating Subdivisions.

C. Dinwiddie agrees not to withdraw from the Authority or terminate its obligations and rights under this Agreement, and DCWA agrees not to terminate its obligations and rights under this Agreement, for so long as the DCWA's \$5,250,000 Water and Sewer Revenue Bond, Series of 1996, remains outstanding.

SECTION 3 - SCOPE OF AGREEMENT

A. Rights and Obligations of Incorporating Subdivisions

1. During the term of this Agreement, the Incorporating Subdivisions shall have the right to convey Wastewater to the Facilities at the points of connection set forth in Section 5, up

to their respective applicable Average Daily Wastewater Flow, in accordance with the requirements, terms and conditions set forth in this Agreement, in applicable laws and regulations regarding pretreatment, and in the respective sewer use ordinances of the Incorporating Subdivisions.

2. Each Incorporating Subdivision agrees to pay promptly to the Authority all amounts required to be paid by it pursuant to this Agreement and billed to it from time to time. The obligations to pay all such amounts shall be payable solely from Gross Revenues; however, each Incorporating Subdivision in its discretion may, but is not required to, make any such payment from any other funds legally available to it. Nothing in this Agreement shall be deemed to constitute a pledge of the faith and credit or the taxing power of any Incorporating Subdivision. The obligations herein of each Incorporating Subdivision are independent and no Incorporating Subdivision shall have any obligation to pay any amounts owed to the Authority by any other Incorporating Subdivision.

3. Each Incorporating Subdivision covenants and agrees to fix and collect (or cause to be fixed and collected) from the users of its System rates and charges sufficient so that in each fiscal year of the Incorporating Subdivision its Net Revenues will equal at least 100% of the amount required during such fiscal year to pay the Capital Charges, its respective share of the Petersburg Debt, if any, and the principal of and interest on all other indebtedness of the Incorporating Subdivision payable

from Net Revenues, including, without limitation, indebtedness under leases which are treated as capital leases under generally accepted accounting principles, to the extent such payments are not provided by such Incorporating Subdivision from other available funds that have specifically been appropriated by such Incorporating Subdivision during each such fiscal year. By no later than 150 days before the beginning of each Fiscal Year (or, in the case of Fiscal Year 1997, by June 15, 1996) and otherwise as needed, the Authority shall provide (or, in the case of Fiscal Year 1997, has provided) each Incorporating Subdivision with such information as may be necessary to determine an estimate of the Incorporating Subdivision's total amount of charges payable under this Agreement for such Fiscal Year.

4. Each Incorporating Subdivision agrees not to sell, transfer or dispose of its System unless:

(a) The transferee agrees to comply with the terms of this Agreement to the extent applicable to Wastewater delivered to the Authority;

(b) The transferee agrees to fix and collect rates and charges sufficient to satisfy the obligation of the transferring Incorporating Subdivision under Section 3.A.3., to the extent such Incorporating Subdivision does not fix and collect such rates and charges; and

(c) The transferee agrees to make payments to the Authority required to be made by the transferring

Incorporating Subdivision to the extent such payments are not made by the Incorporating Subdivision.

In addition, each Incorporating Subdivision agrees not to sell, transfer or dispose of more than 25% of the book value of its System unless:

(x) such transfer is to another governmental unit within the meaning of Section 141 of the Internal Revenue Code of 1986, as amended; and

(y) the sale, transfer or other disposal is approved by the Authority.

Notwithstanding the foregoing, no such sale, transfer or disposition shall release the transferring Incorporating Subdivision from any obligation or liability under this Agreement or affect any Incorporating Subdivision agreement or understanding between the Incorporating Subdivision and the transferee.

5. DCWA represents and warrants that it is authorized to provide sewage conveyance and treatment services to Dinwiddie. Although Dinwiddie is one of the Incorporating Subdivisions, Dinwiddie does not own or operate a System as of the date of the execution of this Agreement. The parties to this Agreement acknowledge that DCWA currently performs these functions in Dinwiddie and consent and agree that, notwithstanding any other provision of this Agreement, DCWA shall have all the rights and obligations of an Incorporating Subdivision under this Agreement and that when any term or provision of this Agreement would be

applicable to Dinwiddie (either when identified as an Incorporating Subdivision or as Dinwiddie or otherwise) it shall apply to DCWA only, except with regard to Section 3.A.8. which shall apply equally to Dinwiddie and DCWA; provided that Dinwiddie shall be responsible for DCWA's obligations under this Agreement in accordance with the terms and conditions of the Support Agreement, the provisions of which are incorporated by reference herein and made a part hereof. The parties to this Agreement further acknowledge, consent and agree that notwithstanding any other provision of this Agreement or any provision of any other agreement, contract or understanding entered into or approved by Dinwiddie, any and all duties, obligations and liabilities of Dinwiddie which exist or may arise under this Agreement shall be subject to and in accordance with the terms and conditions of the Support Agreement. Consequently, Dinwiddie agrees that, subject to the appropriation of legally available funds, it shall provide any additional amount which may be necessary to make DCWA's payments as required under this Agreement, all as set forth in and subject to the terms and conditions of the Support Agreement. No later than March 15 of each year, the Executive Director of DCWA shall notify the Dinwiddie County Administrator of the amount (the "Annual Deficiency Amount") by which the sum of all payments to be made to the Authority by DCWA under this Agreement for the next ensuing fiscal year is expected to exceed anticipated Gross Revenues of DCWA available for such payment for the same period.

The Dinwiddie County Administrator shall include the Annual Deficiency Amount in his budget submitted to the Dinwiddie Board of Supervisors for the following fiscal year. The Dinwiddie County Administrator shall promptly notify, but in no event later than July 15 of each fiscal year, the Authority and the RLF (at the address provided in the RLF Financing Agreement) whether the Dinwiddie County Board of Supervisors has appropriated an amount equal to the Annual Deficiency Amount to or on behalf of DCWA for such purpose in the adopted Dinwiddie budget for such fiscal year.

6. Each Incorporating Subdivision shall be responsible for compliance with laws, regulations, standards and policies applicable to the design, construction, operation and maintenance of its System, including its Sewerage Conveyance System.

7. Each Incorporating Subdivision shall retain full discretion to enter into agreements with any other jurisdiction concerning the payment of fees for conveyance of Wastewater from its jurisdiction to the Authority's Facilities consistent with any rights of such jurisdiction to use of the Facilities or any other Wastewater treatment facilities operated by the Authority.

8. The Incorporating Subdivisions shall deliver to the Authority at the points of connection determined in accordance with Section 5 all Wastewater collected by them in the Service Area and, except as expressly permitted by the Authority, shall not permit or provide for the treatment of Wastewater collected by them in the Service Area in any other manner. Notwithstanding

the preceding sentence, (a) Wastewater collected by an Incorporating Subdivision in the Service Area that, if delivered to the Authority, would cause the Incorporating Subdivision to exceed its respective capacity allocation provided in this Agreement, may be delivered to an entity other than the Authority and (b) Wastewater collected by an Incorporating Subdivision from any one source within the Service Area that, if delivered to the Authority, would cause such Incorporating Subdivision to exceed its respective capacity allocation provided in this Agreement, may be delivered to an entity other than the Authority.

9. No Incorporating Subdivision shall accept or introduce Septage into the portions of its Sewerage Conveyance System that are tributary to the Facilities. Subject to operational considerations, the Authority shall accept Septage generated within the boundaries of the Incorporating Subdivisions at the Facilities.

10. No Incorporating Subdivision shall introduce into the Facilities Wastewater generated outside of the boundaries of the Incorporating Subdivisions, without the written consent of all other Incorporating Subdivisions.

11. The enlargement or improvement of any System, including any Sewerage Conveyance System, tributary to the Facilities, wherever located, shall be at the sole expense of the Incorporating Subdivision(s) using such System and not at the expense of the Authority.

12. The parties hereby acknowledge that DCWA will be providing sewage conveyancing services to Central State Hospital, pursuant to a separate agreement.

B. Rights and Obligations of the Authority

1. Subject to the conditions, requirements and limitations set forth in this Agreement, the Authority shall accept and treat Wastewater introduced by the Incorporating Subdivisions at the points of connection set forth in Section 5.

2. Except for Petersburg whose assignments are subject to the Facilities Transfer Agreement, the Incorporating Subdivisions hereby assign and delegate to the Authority, and the Authority hereby accepts such assignment and delegation, all rights and duties of the Incorporating Subdivisions associated in any way with their past use, ownership or operation of the Facilities, including, but not limited to, all rights and duties under existing judicial and administrative orders, permits, approvals, and contracts, including, but not limited to, contracts between any of the Incorporating Subdivisions and contractors, consultants, employees, governmental entities, and, except as otherwise provided herein, any other person, business or entity.

3. The Authority, to the extent permitted by law, hereby assumes and agrees to hold each of the Incorporating Subdivisions (including Petersburg) harmless from all liabilities and costs of defense arising from the Incorporating Subdivisions' past use, ownership or operation of the Facilities, whether at law or in equity; provided, however, that this assumption of liabilities

shall not apply to any liability for criminal or tortious acts or omissions for which an Incorporating Subdivision is held liable, or to liability for punitive damages. The Authority shall conduct any litigation or settlement negotiations related to the Incorporating Subdivisions' past use, ownership or operation of the Facilities that arise after the effective date of this Agreement, except for litigation or settlement negotiations related to criminal or tortious acts or omissions arising from such past use, ownership or operation of the Facilities. In the event that an Incorporating Subdivision is found liable for any action or omission relating to its past use, ownership or operation of the Facilities, that Incorporating Subdivision shall be liable for payment of any punitive damages.

On the effective date of this Agreement, the Authority, to the extent permitted by law, also hereby assumes and agrees to hold the Incorporating Subdivisions harmless from all liabilities and costs of defense arising from the Authority's use, ownership or operation of the Facilities, whether at law or in equity. The Authority and the Incorporating Subdivisions will cooperate with one another in implementing the provisions of this subsection by all reasonable and necessary means, including, but not limited to, prompt notification of any possible liability, or any occurrence which may give rise to a liability, to any other interested parties to this Agreement.

To the extent that the indemnity provisions in the preceding two paragraphs are not permitted by law, then the Incorporating

Subdivisions agree to pay for all liabilities and costs of defense arising from either the Incorporating Subdivisions' past use, ownership or operation of the Facilities or the Authority's use, ownership or operation of the Facilities, in accordance with the agreement among the Incorporating Subdivisions in effect for Petersburg's fiscal year ending June 30, 1996, which such agreement provided that (a) all Incorporating Subdivisions would pay pro rata, in accordance with their use of the Facilities during the fiscal year ending June 30, 1996, for any liabilities arising from actions taken by unidentified sources and (b) each individual Incorporating Subdivision would pay for any liabilities arising from actions identified as having been taken by such Incorporating Subdivision.

4. Each Incorporating Subdivision and the Authority shall, consistent with and to achieve compliance with the requirements of state and federal law, cooperate in implementing, enforcing and maintaining the Pretreatment Program, which shall be the primary responsibility of the Authority. Each Incorporating Subdivision and the Authority shall enter into agreements necessary to achieve such purposes. Regulations shall be applied uniformly among industrial users and other persons or entities subject to the requirements of the Pretreatment Program. The Authority shall not apply for nor consent to any term or condition of a permit for the operation of the Facilities which is not required by state or federal law and which may affect industrial users and other persons subject to the requirements of

the Pretreatment Program, without the prior written consent of the Incorporating Subdivisions.

SECTION 4 - OBLIGATIONS UNDER THE SPECIAL ORDER

The Authority has negotiated with DEQ a special order ("Special Order") and the State Water Control Board approved the form of Special Order at its May 22, 1996 meeting. The Authority hereby acknowledges that it will be solely responsible for compliance with the Special Order.

SECTION 5 - POINTS OF CONNECTION AND FLOW MEASUREMENT

Wastewater may be introduced by the Incorporating Subdivisions at the points of connection listed in Table 1, and at such other or additional points of connection as may from time to time be approved by the Authority; provided, however, that such approval may not be unreasonably withheld. For billing purposes, the flows contributed to the Facilities by each Incorporating Subdivision shall be determined by the methods listed in Table 1. The column labelled "Initial Billing Method" sets forth the methods for determining flows to be used as of the first day the Authority assumes operation of the Facilities. The column labelled "Future Billing Method" describes the methods for determining flows after July 1, 1997. Each Incorporating Subdivision, however, reserves the right to install at its own expense a permanent flow meter on any point of connection at any time and thereafter have the flow determined by meter readings.

TABLE 1: METER AND BILLING PROCEDURES

Community/ Connection Pt.	Currently Metered?	Initial Billing Method	Future Billing Method	Incorp. Subdiv. to be Billed
<u>PRINCE GEORGE</u> Route 460 Route 301 Johnson Rd. Puddledock (PS) Ft. Hayes (PS)	Yes Yes No No No	Metered Flow Metered Flow Water Consumption Water Consumption Petersburg/Prince George Agreement	Metered Flow Metered Flow Metered Flow Metered Flow Petersburg/Prince George Agreement	Prince George Prince George Prince George Prince George
<u>CHESTERFIELD</u> Ettrick PS Old Towne Ck. Route 1 Piedmont Ave. River Rd.	Yes Yes No No No	Metered Flow Metered Flow Water Consumption plus 20% Water Consumption plus 20% Water Consumption plus 20%	Metered Flow Metered Flow Water Consumption plus 20% Water Consumption plus 20% Water Consumption plus 20%	Chesterfield Colonial Heights* Colonial Heights* Colonial Heights* Colonial Heights*
<u>COLONIAL HEIGHTS</u> Conduit Rd. (PS) C&B (PS)	Yes Yes	Metered Flow Metered Flow	Metered Flow Metered Flow	Colonial Heights Colonial Heights
<u>DINWIDDIE</u> Meter Station Piney Beach CSH N. CSH S.	Yes No No No	Metered Flow Water Consumption Water Consumption Water Consumption	Metered Flow Metered Flow Metered Flow Metered Flow	Dinwiddie Dinwiddie Dinwiddie Dinwiddie
<u>PETERSBURG</u> Poor Creek PS Main PS Bank St. PS	Yes Yes No	Metered Flow Metered Flow Bank St. PS flow to be determined by subtracting the Poor Creek PS, Conduit Rd. PS, the Main PS, and the C&B PS flows from the plant flow.	Metered Flow Metered Flow Metered Flow	Petersburg Petersburg Petersburg

* Colonial Heights receives payment for these flows from Chesterfield pursuant to the terms of separate agreements.

SECTION 6 - INITIAL ALLOCATION OF CAPACITY; INITIAL CAPACITY PAYMENTS

In conjunction with the establishment of the Authority, Petersburg has transferred title to the Facilities set forth in Schedule A to the Authority, the Authority has agreed to pay Petersburg good and valuable consideration for the Facilities and to assume the RLF Bond, all pursuant to the Facilities Transfer Agreement. Each Incorporating Subdivision other than Petersburg shall pay to the Authority the sum of \$1,000,000 for each million gallons per day ("MGD") of capacity allocated to the respective subdivisions, as described below. These sums shall reimburse the Authority for the cost of acquiring from Petersburg that proportional interest in the Facilities, notwithstanding costs of capital improvements to the Facilities that have been or will be incurred.

The Authority shall initially allocate its capacity among the Incorporating Subdivisions as follows:

<u>Incorporating Subdivision</u>	<u>Initial Allocation (Million Gallons Per Day ("MGD"))</u>	<u>Initial Allocation as a Percentage of Total Capacity</u>
Petersburg	10.5	52.5%
Colonial Heights	4.0	20.0
Chesterfield	2.0	10.0
Dinwiddie	2.0	10.0
Prince George	<u>1.5</u>	<u>7.5</u>
TOTAL	<u>20.0</u>	100.0%

Consequently, the Incorporating Subdivisions (excluding Petersburg) shall pay to the Authority on the date of the execution of this Agreement the following initial capacity payments:

<u>Incorporating Subdivision</u>	<u>Capacity Payment</u>
Colonial Heights	\$4,000,000
Chesterfield	2,000,000
Dinwiddie	2,000,000
Prince George	1,500,000

The Authority shall credit to Colonial Heights the amount of its \$4,000,000 capacity payment in return for which the Authority shall increase by \$4,000,000 the total amount of principal payments on the RLF Bond allocated to Colonial Heights under Section 11. Except as expressly provided in this Agreement, the initial capacity for each Incorporating Subdivision set forth above shall not be subject to change.

Nothing herein shall prevent or restrict any Incorporating Subdivision from entering into separate agreements with any other Incorporating Subdivision for the purpose of assigning all or a portion of its allocated capacity; provided that no such assignment shall release the assigning Incorporating Subdivision from any obligation or liability under this Agreement. If an Incorporating Subdivision wishes to assign all or a portion of its allocated capacity to another Incorporating Subdivision, it shall be reimbursed by the other Incorporating Subdivision at a rate of not more than \$1,000,000 per MGD of capacity permanently assigned plus the accumulated debt paid on the excess capacity assigned by the transferring Incorporating Subdivision, or not more than \$100,000 per year per MGD of capacity temporarily assigned plus the accumulated debt paid on the excess capacity assigned by the transferring Incorporating Subdivision.

SECTION 7 - QUANTITY LIMITATIONS, MEASUREMENT AND SAMPLING

A. Quantity Limitations

1. Except as otherwise expressly provided in this Agreement, the Authority's obligation to accept, treat and discharge Wastewater from the Incorporating Subdivisions is subject to the following limitations:

FLOW ALLOCATION

<u>Incorporating Subdivision</u>	<u>Average Daily Wastewater Flow (MGD)</u>	<u>Peak Daily Flow Rate (MGD)</u>
Petersburg	10.5	27.6
Colonial Heights	4.0	10.5
Chesterfield	2.0	5.3
Dinwiddie	2.0	5.3
Prince George	<u>1.5</u>	<u>3.9</u>
TOTAL	20.0	52.6

DAILY POLLUTANT LOADING ALLOCATION

<u>Incorporating Subdivision</u>	<u>BOD₅</u>	<u>SS (Pounds)</u>	<u>Ammonia</u>	<u>Phosphorous</u>
Petersburg	18,390	12,873	1,366	420
Colonial Heights	7,006	4,904	520	160
Chesterfield	3,503	2,452	260	80
Dinwiddie	3,503	2,452	260	80
Prince George	<u>2,627</u>	<u>1,839</u>	<u>195</u>	<u>60</u>
TOTAL	35,029	24,520	2,601	800

No Incorporating Subdivision's flow shall (a) exceed the flow rates or pollutant loadings provided in this subsection or (b) at any time exceed a rate that, if maintained for a 24-hour period, would exceed the Peak Daily Flow Rate set forth above for such Incorporating Subdivision. If the total Wastewater flows or

loadings introduced at all of an Incorporating Subdivision's points of connection exceed 95% of its limitations for each month of any three consecutive months, then the Incorporating Subdivision shall, within 45 days from the end of the third consecutive month for which the flows or loadings exceeded 95% of the respective limitations, submit to the Authority a report setting forth the Incorporating Subdivision's plans for preventing the introduction by it of Wastewater in excess of the flow or loadings limitations provided for herein.

2. If the Wastewater introduced by an Incorporating Subdivision exceeds its flow or loading limitations in a manner which results or could result in the Facilities' inability to meet its permit requirements, then, in addition to any and all other remedies available to the Authority, the Incorporating Subdivision shall be liable to the Authority for twice the total of all resulting direct and indirect costs and damages incurred by the Authority.

3. In the event an Incorporating Subdivision introduces Wastewater with one or more pollutant concentrations in excess of those specified below on a Monthly basis, in addition to any and all other remedies available to the Authority, a surcharge shall be applied; provided that during the Month of violation the Authority shall obtain three 24-hour composite samples each of which demonstrates noncompliance with the concentration limit or limits established in this section for the parameter or parameters of concern:

<u>Parameter</u>	<u>Value (mg/l)</u>
BOD ₅	> 250
Suspended Solids	> 200
Ammonia	> 29
Phosphorus	> 6

4. The pollutant concentrations listed above are for determination of surcharges and do not reflect the treatment capabilities of the Facilities. The surcharge shall be based on the cost to remove the specific pollutants as determined by the Authority, based upon the previous Fiscal Year's data. The surcharges will be based on Average Daily Wastewater Flow and the average concentration for each parameter, and will be determined on a Monthly basis.

B. Measurement

The Authority shall have access, at reasonable times, to (1) the Incorporating Subdivisions' property to test, read and inspect meters and related equipment that measure flows to the Facilities; and (2) all records and meter data compiled by the Incorporating Subdivisions pursuant to this section; provided, however, that the Authority shall have no obligation to test, read or inspect such meters or related equipment. The Incorporating Subdivisions shall keep all such records, meter data and meter inspection reports on file and available for

inspection by the Authority for three years after the data are taken or report(s) are written. With the consent of the Authority, an Incorporating Subdivision may employ a method of flow measurement other than by metering devices. The Authority shall provide, maintain and operate a recording meter at the Facilities to measure continuously and record the total flow of Wastewater leaving the Facilities. The Authority shall maintain meter data for at least three years and shall provide such data to the Incorporating Subdivisions upon request.

Each Incorporating Subdivision, however, shall be responsible for calibrating yearly, or at such greater frequency so as may be necessary to maintain reasonable meter accuracy, its respective existing or to-be-installed meters, as follows:

Prince George

Route 460
Route 301
Johnson Rd.
Puddledock Rd. Pump Station

Chesterfield

Ettrick Pump Station
Old Towne Creek

Colonial Heights

Conduit Rd. Pump Station
C&B Pump Station

Dinwiddie

Meter Station
Piney Beach
Central State Hospital North
Central State Hospital South

Petersburg

Poor Creek Main Station
Main Pump Station
Bank Street Pump Station

If any meter or other approved measurement device of an Incorporating Subdivision becomes inoperative or is shown by testing to be measuring inaccurately, the Average Daily Wastewater Flow from the Incorporating Subdivision at the subject

point of connection shall be estimated by the Authority based on historical flow records and any other relevant information.

To determine the concentrations of BOD₅, Suspended Solids, ammonia, and phosphorus in the Wastewater from each Incorporating Subdivision, the Authority shall collect grab samples from each significant point of connection at least four times per Fiscal Year, and may sample as often as the Authority deems appropriate.

Before assessing a surcharge based on excess loadings contributed by an Incorporating Subdivision, during the Month of violation the Authority shall obtain three 24-hour composite samples each of which demonstrates noncompliance with the concentration limit or limits established in this section for the parameter or parameters of concern.

SECTION 8 - QUALITY

The Incorporating Subdivisions shall not knowingly permit any person or entity to introduce Wastewater into their Sewerage Conveyance Systems in a manner or of a type or concentration that may damage, impair or interfere with the Facilities or that is prohibited or restricted by a sewer use ordinance or any other applicable federal, state or local law, rule, regulation, ordinance, permit or standard.

In addition, the Incorporating Subdivisions shall not knowingly introduce any Wastewater into their Sewerage Conveyance System that causes or significantly contributes to a violation of the Authority's VPDES permit by interfering with operations or processes at the Facilities or by passing through the Facilities,

or prevents the use or disposal of sludge in accordance with federal, state or local laws, rules, regulations or ordinances.

In the event that an Incorporating Subdivision or any person or entity introduces Wastewater into a Sewerage Conveyance System tributary to the Facilities or the Facilities in violation of this section, the party to this Agreement having notice of the violation shall send written notice to: (1) the violating person or entity, if known, (2) the Incorporating Subdivision which owns the Sewerage Conveyance System which received the violating Wastewater, and (3) the Authority, if applicable. If any such violation does not cease within a reasonable time, as established by the Authority, after the violator's receipt of notice, or if the violation recurs, and if the Incorporating Subdivision has permitted the introduction of the Wastewater causing the violation, in addition to any other remedies available to the Authority, the Incorporating Subdivision shall pay a charge equal to 5% of the sum of its share of Operating and Maintenance Charges for the previous billing Month computed in accordance with Section 10. Nothing in this paragraph shall be deemed to obligate or require the Authority to accept or receive Wastewater of a type or concentration prohibited by this Agreement.

SECTION 9 - ANNUAL BUDGET

1. No later than 150 days before the beginning of each Fiscal Year (or June 15, 1996, with respect to Fiscal Year 1997), the Authority shall adopt a budget for the operation of the Facilities for the ensuing Fiscal Year, which shall be called the

Annual Budget and shall be adopted pursuant to the requirements of the Virginia Code and the RLF Financing Agreement.

2. The Annual Budget shall be prepared in such manner as to show in reasonable detail (a) all revenues estimated to be received by the Authority hereunder and otherwise, (b) all Operating and Maintenance Costs expected to be incurred in such Fiscal Year, (c) all debt service payments or other payments expected to be made by the Authority and billed to the Incorporating Subdivisions as a Capital Charge during such Fiscal Year, (d) the amount, if any, payable by Colonial Heights and Prince George on the Petersburg Debt during such Fiscal Year, (e) any amount expected to be required to restore the balance on deposit in the Operating Fund at the beginning of such Fiscal Year to one-sixth of the Operating and Maintenance Costs for such Fiscal Year and (f) the estimates of total Wastewater flows from each Incorporating Subdivision during such Fiscal Year. The Annual Budget shall be prepared in sufficient detail to show the amounts to be deposited in and disbursed from the various Funds, Accounts and subaccounts held by or on behalf of the Authority.

3. The Authority may amend the Annual Budget at any time during the Fiscal Year. The Authority shall follow the same procedure regarding any such amendment as provided in this Section 9 for the adoption of the Annual Budget.

4. If for any reason an Annual Budget has not been adopted within the time required by paragraph 1 of this Section 9, the last previously adopted Annual Budget will be deemed to provide

for and regulate and control expenditures during such Fiscal Year until an Annual Budget for such Fiscal year has been adopted.

SECTION 10 - OPERATING AND MAINTENANCE CHARGES

1. On the date of the execution of this Agreement, each Incorporating Subdivision shall pay to the Authority its respective amount set forth below, which represents the Incorporating Subdivision's allocable share of one-sixth of the Authority's total Operating and Maintenance Costs for Fiscal Year 1997:

<u>Incorporating Subdivision</u>	<u>Initial Operating and Maintenance Charge</u>
Petersburg	\$290,377.16
Colonial Heights	109,115.58
Chesterfield	31,636.11
Dinwiddie	37,384.92
Prince George	20,669.55

The Authority shall deposit the initial Operating and Maintenance Charges directly into the Operating Fund and use them to pay Operating and Maintenance Costs. Thereafter, on the first day of each succeeding Fiscal Year, the Authority shall bill to each Incorporating Subdivision, and each Incorporating Subdivision agrees to pay to the Authority, an Operating and Maintenance reserve payment equal to the product of (a/b) x (c), where

a = the Incorporating Subdivision's estimated annual use
(in MGD's) of the Facilities during such Fiscal Year;

b = the total estimated use (in MGD's) of the Facilities by all of the Incorporating Subdivisions during such Fiscal Year; and

c = the sum of (i) the amount necessary as of the first day of such Fiscal Year to cause the balance in the Operating Fund to be equal to one-sixth of the total amount of Operating and Maintenance Costs set forth in the Annual Budget for such Fiscal Year and (ii) the aggregate amount of all checks outstanding and unpaid drawn upon the Operating Fund.

2. On the 10th day of each Month the Authority shall bill to each Incorporating Subdivision, and each Incorporating Subdivision agrees to pay to the Authority, a Monthly Operating and Maintenance Charge for its use of the Facilities. For each Incorporating Subdivision, such Monthly Operating and Maintenance Charge during a Fiscal Year shall equal one-twelfth of the product of $(a/b) \times (c)$, where

a = the Incorporating Subdivision's estimated annual use (in MGD's) of the Facilities during such Fiscal Year;

b = the total estimated use (in MGD's) of the Facilities by all of the Incorporating Subdivisions during such Fiscal Year; and

c = the total amount of Operating and Maintenance Costs set forth in the Annual Budget for such Fiscal Year.

3. Within 90 days after the end of each Fiscal Year, the Authority shall determine for such Fiscal Year the following:

(a) The actual total aggregate Operating and Maintenance Charges imposed on all Incorporating Subdivisions and the actual use (in MGD's) of the Facilities by each Incorporating Subdivision and by all Incorporating Subdivisions; and

(b) Each Incorporating Subdivision's share of the Authority's actual total aggregate Operating and Maintenance Charges imposed on all Incorporating Subdivisions determined by multiplying such total aggregate Operating and Maintenance Charges by a fraction the numerator of which is the actual use (in MGD's) of the Facilities by such Incorporating Subdivision and the denominator of which is the actual use (in MGD's) of the Facilities by all Incorporating Subdivisions.

Within 90 days after the end of each Fiscal Year, the Authority shall provide to each Incorporating Subdivision a statement showing in respect of such Fiscal Year its calculation of the Incorporating Subdivision's actual share of total aggregate Operating and Maintenance Charges and the excess or deficit in the amount of Operating and Maintenance Charges actually paid by the Incorporating Subdivision during such Fiscal Year. Each Incorporating Subdivision that has paid Operating and Maintenance Charges to the Authority in an amount less than its share of total aggregate Operating and Maintenance Charges shall promptly pay to the Authority for deposit directly into the Operating Fund, from its first available Gross Revenues the

amount of such deficit. If an Incorporating Subdivision has paid Operating and Maintenance Charges in excess of its share of total aggregate Operating and Maintenance Charges, then the Authority shall credit such Incorporating Subdivision with the amount of the excess against future Operating and Maintenance Charges becoming due under Section 10.2 of this Agreement.

SECTION 11 - CAPITAL CHARGES

A. RLF Debt Service

1. The total of principal payments due on the RLF Bond shall be allocated among the Incorporating Subdivisions in the amounts detailed on Schedule E, which are based on the initial capacity allocations set forth in Section 6. Chesterfield and Dinwiddie agree to pay to the Authority on the date of execution of this Agreement all of their respective principal payments due on the RLF Bond. Chesterfield and Dinwiddie further agree to pay to the Authority, when billed, their respective shares of the interest accrued on the RLF Bond for the period April 1, 1996, through the date of this Agreement.

2. Colonial Heights, Petersburg and Prince George each agree to pay to the Authority, in advance of each payment date on the RLF Bond, debt service charges in amounts sufficient to pay when due their respective shares of the remaining principal of and interest on the RLF Bond as set forth on Schedule E, and, as necessary, their respective share of late charges or other charges, including Additional Payments (as defined in the RLF Financing Agreement), assessed against the Authority under the

RLF Financing Agreement. Such debt service charges shall be payable Monthly as billed by the Authority in amounts calculated so that if the same amount is transferred to the Authority each succeeding month preceding the next payment date on the RLF Bond, there will have been transferred to the Authority the respective amounts set forth on Schedule E as due on such payment date; provided, however, that Petersburg's obligation to make Monthly payments will not be required to the extent that its payments are to be made from the Rate Stabilization Fund.

3. No payments in addition to the payments described in Section 11.A.1. shall be required from Chesterfield or Dinwiddie to pay debt service on the RLF Bond. If payments are made by Colonial Heights, Petersburg or Prince George, respectively, in the amounts and at the times set forth on Schedule E, then such Incorporating Subdivision shall not thereafter be required to make additional payments under this Section 11, except for any late payment charges due under the RLF Financing Agreement, other than in the amounts and at the times set forth in Schedule E, as modified by the requirements of Section 11.A.2. for Monthly payments.

4. If in any Month, Colonial Heights or Prince George fails to pay to the Authority when due any charges required to be paid pursuant to the Section 11.A.2., the Authority shall transfer, as applicable, from the Colonial Heights RLF Reserve Account or the Prince George RLF Reserve Account such amount as necessary to pay such charges and deposit the same to the account

established for the RLF Bond in the Bond Fund. The Authority shall immediately give written notice to and demand payment by Colonial Heights or Prince George, as applicable, of the amount such withdrawal reduces the amount on deposit in the respective RLF Reserve Account to less than the applicable RLF Reserve Requirement (the "Deficiency"). Colonial Heights or Prince George, as applicable, shall immediately pay the full amount of such Deficiency from first available Gross Revenues.

5. If, for any other reason, there is a Deficiency in any Month in the Colonial Heights RLF Reserve Account or the Prince George RLF Reserve Account, the Authority shall immediately give written notice to and demand payment by Colonial Heights or Prince George, as applicable, of the amount such Deficiency. Colonial Heights or Prince George, as applicable, shall immediately pay the full amount of such Deficiency from first available Gross Revenues.

6. Colonial Heights and Prince George shall each be entitled to a credit on their debt service charges applicable to the RLF Bond for earnings accrued on their respective RLF Reserve Accounts and shall be entitled to apply all monies remaining on deposit in their respective RLF Reserve Accounts to the last debt service charges applicable to the RLF Bond as reflected on Exhibit E.

B. Additional Bonds.

1. With the unanimous consent of the Incorporating Subdivisions, the Authority may from time to time authorize, sell

and issue on such terms as it may deem most advantageous, additional series of Bonds for the purpose of providing funds for paying all or a portion of the cost of any improvement, expansion or repair to the Facilities and for the purpose of refunding any then outstanding indebtedness of the Authority.

2. The Incorporating Subdivisions each shall pay to the Authority, in advance of each payment date on any series of Bonds, Monthly debt service charges to pay when due the principal of, premium, if any, and interest on the Bonds and provision for any reserves therefor, including any required deposits to the Debt Service Reserve Fund. All such Monthly debt service charges shall be calculated based on the period of the debt service payment by the Authority. For example, if the Authority is obligated to make semiannual payments on a debt, the corresponding advance Monthly debt service charges payable by each Incorporating Subdivision concerning that debt shall be one-sixth of each Incorporating Subdivision's share of the semiannual payment.

3. For additional series of Bonds issued by the Authority for purposes of improving or repairing the Facilities or of the refunding of any outstanding series of Bonds issued for such purpose, the Monthly debt service charges payable by each Incorporating Subdivision shall be based on the total of Monthly debt service payments due, if any, on the Bonds multiplied by (a/b) where

} share

a = Total capacity allocated to an Incorporating
Subdivision at the beginning of the Month;

and

b = Rated capacity of the Facility at the beginning of the
Month.

4. For additional series of Bonds issued by the Authority for purposes of expanding the Facilities or of the refunding of any outstanding series of Bonds issued for such purpose, the Monthly debt service charges payable by each Incorporating Subdivision shall be based on the total of Monthly debt service payments due, if any, on the Bonds multiplied by (a/b) where

a = Total capacity of the expansion allocated to an
Incorporating Subdivision at the beginning of the
Month;

and

b = Rated capacity of the expansion at the beginning of the
Month.

C. Costs of Improvements and Expansion.

1. If the Authority determines, in its sole discretion, that it is necessary to alter, change, replace or otherwise improve the Facilities or components thereof, then, unless otherwise provided pursuant to Section 11.B.3. above, each Incorporating Subdivision shall pay to the Authority, Monthly or on a schedule determined by the Authority, its proportional share of the total cost thereof based on the formula provided in Section 11.B.3. above. Notwithstanding the preceding sentence,

an Incorporating Subdivision may, in its discretion, prepay the total amount of its proportional share of the costs of such improvements.

2. If the Authority determines that the Facilities' capacity must be increased to meet actual or anticipated Wastewater capacity requirements, then, unless otherwise provided pursuant to this Section 11.B.4, each Incorporating Subdivision shall pay to the Authority, Monthly or on a schedule determined by the Authority, its proportional share of the total cost thereof based on the following formula: Proportional Cost (PC) = Total Facility expansion project cost multiplied by (a/b), where

a = Increase in the total Average Daily Wastewater Flow rate allocated to the Incorporating Subdivision, in connection with the expansion project; and

b = Total increase in rated capacity of the Facility, in connection with the expansion project.

Notwithstanding the preceding sentence, an Incorporating Subdivision may, in its discretion, prepay the total amount of its proportional share of the costs of such improvements.

3. Any Incorporating Subdivision, in its sole discretion, may require an expansion of the capacity of Authority facilities without obtaining a majority vote of the Authority's Board. The Incorporating Subdivision requiring such an expansion shall be solely responsible for all capital costs of the expansion, and shall promptly reimburse the Authority for any additional costs

incurred by the Authority occasioned by the construction necessary for such an expansion as such costs are incurred. The Incorporating Subdivision requiring such an expansion shall be allocated the entire additional capacity created through the expansion. If two or more Incorporating Subdivisions simultaneously require an expansion of the capacity of the Authority's facilities, the provision of this subsection shall apply to each in proportion to the capacities each has required. Following completion of the expansion, any resulting increases in routine Operating and Maintenance Costs shall be paid for by all the Incorporating Subdivisions according to their proportional interest in the Facilities, as provided for in Section 10.

D. Special Assessments

If the Authority reasonably determines that it is necessary, in order to meet permit requirements or other legal requirements, to alter, change, replace or otherwise improve the Facilities or components thereof because of toxic substances or other constituents contained in the Wastewater from one or more Incorporating Subdivisions, each such Incorporating Subdivision shall pay the cost of such alteration, change, replacement or improvement and the increased cost of operation and maintenance associated therewith. In lieu thereof, each such Incorporating Subdivision shall promptly take such measures as may be necessary to eliminate the need for such alteration, change, replacement or improvement.

E. Equipment Replacement and Reserve Fund.

No more than 180 and no less than 150 days before the beginning of each Fiscal Year (except for Fiscal Year 1997), the Authority shall determine the balance in the Equipment Replacement and Reserve Fund. For Fiscal Year 1997, the balance on the date of the execution of this Agreement is zero. If the balance in such fund on the determination date is less than \$2,500,000, or such greater amount as unanimously approved by all members of the Authority, the Authority shall assess and bill each Incorporating Subdivision on the 10th day of each month of such Fiscal Year, a charge equal to one-twelfth of the product of (a/b) x (c), where

- a = the total capacity (in MGD's) of the Facilities allocated to the Incorporating Subdivision on the first day of such Fiscal Year;
- b = the total capacity (in MGD's) of the Facilities on the first day of such Fiscal Year; and
- c = 5% of the total amount of Operating and Maintenance Costs set forth in then-current Annual Budget for such Fiscal Year or such larger amount as approved by the Authority.

SECTION 12 - PAYMENTS TO PETERSBURG

A. PETERSBURG DEBT.

As part of the initial purchase price of the Facilities, each Incorporating Subdivision, other than Petersburg, has agreed to pay to Petersburg its respective share of the Petersburg Debt.

Chesterfield and Dinwiddie shall prepay directly to Petersburg on the date of the execution of this Agreement their respective shares of the Petersburg Debt as set forth on Schedule C.

Colonial Heights and Prince George shall each pay directly to Petersburg, in advance of each payment date on the Petersburg Debt, debt service charges in amounts sufficient to pay when due their respective shares of the remaining principal of and interest on the Petersburg Debt as set forth on Schedule C and billed by Petersburg.

Upon a refunding, defeasance or optional, extraordinary or any other redemption, if any, of any of the Petersburg Debt prior to maturity that results in a debt service savings to Petersburg, Petersburg agrees to amend the schedules attached as Schedule C to reduce the respective shares of the remaining principal of and interest on the Petersburg Debt owed by Colonial Heights and Prince George in proportion to the amount of debt service savings effected by such refunding, defeasance or optional, extraordinary or any other redemption.

B. OTHER PAYMENTS.

In addition to the above-referenced payments, each Incorporating Subdivision, other than Petersburg, shall pay directly to Petersburg, as and when billed by Petersburg, such amounts reflecting the Incorporating Subdivision's respective share of (i) the principal paid by Petersburg on the Petersburg Debt on March 1, 1996, (ii) the interest paid or incurred by Petersburg on the Petersburg Debt between September 1, 1995, and

the date of this Agreement and (iii) the Operating and Maintenance Costs incurred by Petersburg between April 1, 1996, and the date of this Agreement.

SECTION 13 - INVOICES AND PAYMENT

Except as otherwise provided in this Agreement, on the tenth day of each Month commencing July 10, 1996, the Authority shall prepare and submit invoices to the Incorporating Subdivisions for payment of all charges and surcharges payable to the Authority by the Incorporating Subdivisions hereunder. Surcharges shall be calculated and billed for the Month immediately preceding the Month in which the invoice is submitted. The Incorporating Subdivisions shall pay the amount invoiced within 30 days after receipt of such invoice. Failure to pay in full any uncontested amounts within 30 days of the date of receipt shall cause the Incorporating Subdivision to be liable for interest on the unpaid amount at a rate of 1 point above the prime interest rate announced from time to time by the bank with which the Authority maintains its primary banking relationship.

If any Incorporating Subdivision disputes any portion of the charges billed to it by the Authority, it shall so notify the Authority within 10 days of receipt of the invoice. If the payment dispute is unresolved within 30 days of the date of the Incorporating Subdivision's receipt of the invoice, the Incorporating Subdivision shall be liable for interest on the unpaid amount at a rate of 1 point above the prime interest rate announced from time to time by the bank with which the Authority

maintains its primary banking relationship if the amount in question is determined to have been appropriately billed to the Incorporating Subdivision. The Authority's Board of Directors shall make such other rules as it deems appropriate for resolution of payment disputes.

SECTION 14 - COMPLIANCE WITH LAWS

A. In General

The Authority and the Incorporating Subdivisions shall comply with all federal, state and local laws, rules, regulations and ordinances applicable to the performance of this Agreement.

B. Industrial Wastes Introduced By Industrial Users

The Incorporating Subdivisions hereby recognize the Authority's right and authority to implement and enforce the provisions of the Pretreatment Program against any industrial user of an Incorporating Subdivision's Sewerage Conveyance System. The Incorporating Subdivisions shall cooperate fully with such actions as are necessary for the Authority to perform its duties under its Pretreatment Program with respect to all industrial users that introduce or plan to introduce Wastewater into the Incorporating Subdivision's Sewerage Conveyance System. Such cooperation shall include, but shall not be limited to, adopting and enforcing sewer use ordinances sufficient to meet the requirements of the Authority's Pretreatment Program, establishing procedures for notifying industrial users of requirements for obtaining Wastewater Discharge Permits from the Authority, and assisting the Authority in implementing, enforcing

and securing compliance with the Pretreatment Program. Such cooperation also shall include providing the Authority access to all records relating to the introduction of industrial wastes by industrial users into the Incorporating Subdivision's Sewerage Conveyance System.

Nothing herein shall preclude an Incorporating Subdivision from adopting and enforcing any ordinance regulating the use of its Sewerage Conveyance System by industrial users or other users, except that, where a conflict exists between a requirement imposed by an Incorporating Subdivision and a requirement imposed by the Authority, the more stringent requirement shall apply.

SECTION 15 - FORCE MAJEURE

If any party is prevented from performing any of its obligations hereunder (except any obligation to make payments of monies) by an event of Force Majeure, such party shall be excused from performance hereunder for so long as the event of Force Majeure prevents its performance if (a) such party has notified the other parties promptly of the existence of an event of Force Majeure, and (b) such party diligently pursues reasonable steps to alleviate the event of Force Majeure. During the pendency of an event of Force Majeure, the party whose performance is excused shall take such actions as are reasonably necessary or appropriate to restore its ability to perform hereunder; provided, however, that no party shall be obligated to settle any labor dispute except on terms satisfactory to such party, in its sole discretion.

SECTION 16 - ASSIGNMENT

An Incorporating Subdivision shall not assign any rights or delegate any duties or obligations hereunder nor transfer or otherwise dispose of this Agreement or any part hereof or its right, title and interest herein except as provided in this Agreement and upon receiving the prior written consent of VRA (as long as the RLF Bond is outstanding). The parties to this Agreement acknowledge that DCWA has assigned to the United States of America, Rural Development, all right, title and interest of DCWA (but not its obligations or duties, if any) in, to and under this Agreement.

SECTION 17 - CORRESPONDENCE AND NOTICES

All certificates, notices, correspondence and invoices issued pursuant to this Agreement shall be in writing and addressed to:

Authority's representative:	Executive Director South Central Wastewater Authority 900 Magazine Road Petersburg, Virginia 23803
Petersburg's representative:	City Manager City of Petersburg 202 City Hall 135 N. Union Street Petersburg, Virginia 23803
Colonial Heights' representative:	City Manager City of Colonial Heights 1507 Boulevard Colonial Heights, Virginia 23834
Chesterfield's representative:	County Administrator Chesterfield County

6710 W. Krause Road
Chesterfield, Virginia
23832

Dinwiddie's representative:

County Administrator
Dinwiddie County
Administration Building
14016 Boydton Plank Road
Dinwiddie, Virginia 23841

DCWA's representative

Executive Director
Dinwiddie County Water
Authority
23008 Airpark Drive
Petersburg, Virginia 23803

Prince George's representative:

County Administrator
Prince George County
6400 Courthouse Road
Prince George, Virginia
23875

The date of receipt of such notices or confirmation of delivery thereof, whichever first occurs, shall be the date the notice shall be deemed to have been given.

SECTION 18 - APPLICABLE LAW

This Agreement and the rights of the parties hereunder shall be governed by and construed and enforced in accordance with the laws of the Commonwealth of Virginia. If any provision of this Agreement is contrary to any of the laws or regulations of the Commonwealth of Virginia, then the applicable law or regulation shall govern the conduct of the parties to this Agreement.

SECTION 19 - SEVERABILITY

If any provision, clause or part of this Agreement, or the application thereof under certain circumstances, is held invalid or unenforceable, the remainder of this Agreement, or the

application of such provision, clause or part under other circumstances, shall not be affected thereby.

SECTION 20 - SUCCESSORS AND ASSIGNS

This Agreement shall be binding on the parties hereto and their directors, officers, employees, agents, successors and permitted assigns.

SECTION 21 - AMENDMENT

This Agreement can be amended or modified only with the consent of the Authority, the Incorporating Subdivisions and DCWA.

SECTION 22 - ENTIRE AGREEMENT

This Agreement embodies the entire agreement between the Authority and the Incorporating Subdivisions with respect to the subject matter hereof. The parties shall not be bound by or be liable for any statement, representation, promise, warranty, inducement or understanding of any kind or nature not set forth or provided for herein.

IN WITNESS WHEREOF, South Central Wastewater Authority has caused this Agreement to be executed by its Chairman and its corporate seal to be affixed hereto and attested by its Secretary; the City of Petersburg has caused this Agreement to be signed in its Corporate name by its City Manager and its seal to be affixed and attested to by the Clerk of Council pursuant to a resolution duly adopted by the Petersburg City Council; the City of Colonial Heights has caused this Agreement to be signed in its Corporate name by its City Manager and its seal to be affixed and attested to by the Clerk of Council pursuant to a resolution duly adopted by the Colonial Heights City Council, Chesterfield County has caused this Agreement to be signed in its name by its County Administrator and its seal to be affixed and attested to by the Clerk of the Board of Supervisors pursuant to a resolution duly adopted by the Chesterfield Board of Supervisors, Dinwiddie County has caused this Agreement to be signed in its name by its County Administrator and its seal to be affixed and attested to by the Clerk of the Board of Supervisors pursuant to a resolution duly adopted by the Dinwiddie Board of Supervisors, Dinwiddie County Water Authority has caused this Agreement to be signed in its name by its Chairman and its seal to be affixed and attested to by its Secretary pursuant to a resolution duly adopted by the DCWA, and Prince George County has caused this Agreement to be signed in its name by its County Administrator and its seal to be

affixed and attested to by the Clerk of the Board of Supervisors pursuant to a resolution duly adopted by the Prince George Board of Supervisors, all as of the 2nd day of July, 1996.

SOUTH CENTRAL WASTEWATER AUTHORITY

By: Valerie A. Lemmie
Valerie A. Lemmie, Chairman

ATTEST:

Chae B. Ramsey
Secretary

CITY OF PETERSBURG, VIRGINIA

By: Valerie A. Lemmie
Valerie A. Lemmie, City Manager

ATTEST:

Susan J. Crawford
Clerk of Council

CITY OF COLONIAL HEIGHTS, VIRGINIA

By: Robert E. Taylor
Robert E. Taylor, City Manager

ATTEST:

Rita C. Schiff, CMC
Clerk of Council

CHESTERFIELD COUNTY, VIRGINIA

By: Lane B. Ramsey
Lane B. Ramsey, County Administrator

ATTEST:

Jack L. Davis
Clerk of Board of Supervisors

Approved as to form:

Stylian P. Parthemos
Stylian P. Parthemos
Senior Assistant County Attorney

DINWIDDIE COUNTY, VIRGINIA

BY: Charles W. Burgess, Sr.
Charles W. Burgess, Sr., County Administrator

Approved as to form as to Dinwiddie County, Virginia only!

ATTEST:

Robert L. Millison, Deputy
Clerk of Board of Supervisors

Paul G. Jacobson
Paul G. Jacobson, Assistant
County Attorney

DINWIDDIE COUNTY WATER AUTHORITY

BY: John H. Clements
John H. Clements, Chairman
Thomas J. Leftwich, Vice Chairman

ATTEST:

Carol Chambers Vincent
Secretary - Treasurer

PRINCE GEORGE COUNTY, VIRGINIA

BY: John G. Kines, Jr.
John G. Kines, Jr., County Administrator

ATTEST:

Henry L. Adams
Clerk of Board of Supervisors



SCHEDULE A

Legal Description of Real Estate

Tract A:

ITEM ONE: All that certain tract or parcel of land, with the appurtenances thereto belonging, formerly known as the Old Ben Davis Lot, situate partly in the City of Petersburg, and partly in the County of Chesterfield, and bounded as follows: On the north by property now or formerly known as "Tidal Marsh"; on the east by property now or formerly belonging to J.W. Phillips; on the south by the Appomattox River; and partly on the west by the property described in Item Two of this deed; said tract containing 1.57 acres, more or less, and shown on a plat thereof made by J.W. Pugh, Registered Engineer, dated April 17 and 18, 1939, and recorded in the Clerk's Office of the Hustings Court of the City of Petersburg, Virginia, in Plat Book 2, at page 11; the said property also being shown as Lot No. 1 on a certain plat made by J.W. Pugh, Registered Engineer, dated September, 1947, and attached to and to be recorded with the deed recorded in Deed Book 195, page 416 of the land records of the City of Petersburg, Virginia.

ITEM TWO: All of its right, title and interest in and to a certain tract or parcel of land in that part of the City of Petersburg, Virginia, known as "Pocahontas", containing 0.36 acres, more or less, and designated as Tract No. 2 on a certain map made by J.W. Pugh, Registered Engineer, dated September, 1947, and attached to and to be recorded with the deed recorded in Deed Book 195, page 416 of the land records of the City of Petersburg, Virginia.

BEING the same real estate conveyed to the City of Petersburg, a municipal corporation by deed from Paul E. Williams, Jr. and Ann C. Williams, his wife, dated March 17, 1955, recorded April 9, 1955, in Deed Book 195, page 416 of the land records of the City of Petersburg, Virginia.

Tract B:

All that certain tract or parcel of land lying, being and situate partly in the City of Petersburg, Virginia, and partly in the County of Chesterfield, Virginia, near to the east of the Powder Magazine lot in that part of the City of Petersburg called "Pocahontas", containing six and one-half (6-1/2) acres, more or less, and bounded on the north and east by the lands of the United States of America, on the south by the Appomattox River and on the west by a strip or parcel of land now or formerly belonging to B.A. Davis; it being in all respects the same property that was conveyed Dorothy P. Zickafoose by Gladys B. Perkinson, unmarried, by deed dated

July 9, 1952, and recorded in the Clerk's Office of the Hustings Court of the City of Petersburg, Virginia, in Deed Book 187, at page 253, and also duly recorded in the Clerk's Office of the Circuit Court of Chesterfield County, Virginia.

BEING the same real estate conveyed to the City of Petersburg, a municipal corporation by deed from Dorothy P. Zickafoose and W.P. Zickafoose, her husband, dated March 18, 1955, recorded April 22, 1955, in Deed Book 466, page 124 of the land records of the County of Chesterfield, Virginia and recorded April 8, 1955, in Deed Book 195, page 486 of the land records of the City of Petersburg, Virginia.

Tract C:

All that certain tract or parcel of land, lying and being partly in the City of Petersburg, Virginia, and partly in the County of Chesterfield, Virginia, being 6.73 acres, and bounded as follows: On the west by the eastern right of way line of the Richmond-Petersburg Turnpike, on the north by the lands of the United States of America (Diversion Channel), on the east by the property of the City of Petersburg (Sewage Treatment Plant), on the south by the north bank of the Appomattox River (Harbor Channel) as shown on a certain plat entitled "Plat Showing Property to be Acquired from Roper Bros. Lumber Co., Inc., by the City of Petersburg being Adjacent to the Sewage Treatment Plant", dated January 28, 1964, and prepared in the office of the Division of Engineering, Department of Public Works, Petersburg, Virginia, a copy of which plat is attached to and made a part of the deed recorded in Deed Book 263, page 272 of the land records of the City of Petersburg, Virginia.

BEING the same real estate conveyed to the City of Petersburg, a municipal corporation by deed from Roper Brothers Lumber Company, Incorporated, dated March 6, 1964, recorded March 23, 1964, in Deed Book 263, page 272 of the land records of the City of Petersburg, Virginia.

Tract D:

A certain tract or parcel of land located partially in the City of Petersburg, Virginia, and partially in Chesterfield County, Virginia, containing 5.27 acres and bounded on the south by the Appomattox River Harbor Channel, on the west by property of the City of Petersburg, on the north by property of the City of Petersburg, and on the east by property of Roslyn Farm Corporation, and more particularly described on a drawing entitled "PLAT OF TRACT OF LAND PROPOSED TO BE ACQUIRED BY CITY OF PETERSBURG FROM ROSLYN FARM CORP. (CONTAINING - 5.27 ACRES)", prepared by the Division of Engineering, Department of Public Works, Petersburg, Virginia, dated January 22, 1985, Drawing No. D-1-A-130, a copy of which drawing is attached to and made a part of the deed recorded in

Deed Book 480, page 875 of the land records of the City of Petersburg, Virginia and recorded in Deed Book 119, page 312 of the land records of Chesterfield County, Virginia.

BEING the same real estate conveyed to the City of Petersburg, a municipal corporation by deed from Roslyn Farm Corporation, dated September 28, 1990, recorded October 24, 1990, in Deed Book 480, page 875 of the land records of the City of Petersburg, Virginia and recorded October 24, 1990 in Deed Book 2119, page 312 of the land records of Chesterfield County, Virginia.

Tract E:

ALL THAT CERTAIN tract or parcel of land lying and situate in Chesterfield County, Virginia, being more particularly described as follows:

Beginning at a point, said point being a U. S. Corps of Engineers monument, located east approximately 50 feet from the existing east fence gate of the City of Petersburg Sewage Treatment Plant, and southeast approximately 58 feet from the southeast corner of the chemical storage building of said plant; thence the following: N 33°06'W 169.00' to a U. S. Corps of Engineers monument; thence, S 84°03'W 112.50' to a U. S. Corps of Engineers monument; thence, S 78°03'W 107.50' to a U. S. Corps of Engineers monument; thence, S 59°30'W 254.00' to an iron pin; thence, S 49°23'W 151.50' to an iron pin; thence, N 09°07'W 160' more or less, to the south bank of the Appomattox River Diversion Channel; thence, approximately 185' more or less along said bank in a northeasterly direction to a point; thence, N 86°17'E 858.62' to a point; thence, S 16°14'E 147.74' to a point; thence, S 73°46'W 274.80'; thence, S 88°29'W 99.00' to the point of beginning, containing 3.3 acres, as shown outlined in red on Exhibit "A" entitled "Property to be Disposed of to the City of Petersburg, Virginia, dated 30 May 1972, Dwg. No. 0022" attached to and made a part of the deed recorded in Deed Book 317, page 473 of the land records of the City of Petersburg, Virginia and recorded in Deed Book 1063, page 656 of the land records of Chesterfield County, Virginia.

BEING the same real estate conveyed to the City of Petersburg, a municipal corporation by deed from the United States of America, dated October 2, 1972, recorded December 7, 1972, in Deed Book 317, page 473 of the land records of the City of Petersburg, Virginia and recorded November 9, 1972 in Deed Book 1063, page 656 of the land records of Chesterfield County, Virginia.

Tract F:

ALL THAT CERTAIN tract or parcel of land lying and situate in Chesterfield County, Virginia, being more particularly described as follows:

Beginning at a point, said point being an iron rod in concrete located at the easternmost point of the City of Petersburg Sewage Treatment Plant and in the existing levee, thence from said point of beginning S86°17'00"W a distance of 773.18 feet to an iron pin; thence S86°17'00"W a distance of 50.00 feet to a point; thence N40°01'09"E a distance of 32.59 feet to a point; thence N62°36'18"E a distance of 101.27 feet to a point; thence N62°59'33"E a distance of 42.51 feet to a point; thence N68°26'15"E a distance of 79.85 feet to a point; thence N78°33'43"E a distance of 102.61 feet to a point; thence N84°40'19"E a distance of 100.72 feet to a point; thence N80°12'17"E a distance of 101.98 feet to a point; thence N82°25'28"E a distance of 101.27 feet to a point; thence N84°06'28"E a distance of 100.84 feet to a point; thence N79°36'22"E a distance of 79.09 feet to a point; thence N83°33'37"E a distance of 78.36 feet to a point; thence N83°02'44"E a distance of 101.12 feet to a point; thence N79°39'27"E a distance of 99.61 feet to a point; thence S15°52'51"E a distance of 30.00 feet to an iron pin; thence S15°52'51"E a distance of 230.06 feet to an iron pin; thence S73°59'22"W a distance of 299.02 feet to a pipe; thence N16°15'35"W a distance of 147.74 feet to the point or place of beginning containing 3.97 acres, more or less, as shown on that certain plat entitled "PLAT OF 3.97± ACRES OF LAND SITUATED IN MATOACA DISTRICT, CHESTERFIELD COUNTY, VIRGINIA FOR CITY OF PETERSBURG", dated May 4, 1983, revised October 12, 1983, made by Charles C. Townes and Associates, a copy of which is attached to and made a part of the deed recorded in Deed Book 1662, page 799 of the land records of Chesterfield County, Virginia.

BEING the same real estate conveyed to the City of Petersburg, a municipal corporation by deed from the United States of America, dated April 13, 1984, recorded June 25, 1984 in Deed Book 1662, page 799 of the land records of Chesterfield County, Virginia.

Tract G:

A certain tract or parcel of land located in Chesterfield County, Virginia, containing 1.0 acres, more or less, and bounded on the south by the Appomattox River Harbor Channel, on the west by property of the City of Petersburg, on the north by property of the United States of America, and on the east by property of Roslyn Farm Corporation, and more particularly described on a drawing entitled "PLAT OF 1.0± ACRE OF LAND TO BE ACQUIRED BY THE CITY OF PETERSBURG FROM ROSLYN FARM CORPORATION IN THE MATOACA DISTRICT OF

CHESTERFIELD COUNTY, VIRGINIA", prepared by Harvey L. Parks, Inc., dated December 30, 1992, a copy of which drawing is attached hereto and made a part of the deed recorded in Deed Book 2308, page 741 of the land records of Chesterfield County, Virginia.

BEING the same real estate conveyed to the City of Petersburg, a municipal corporation by deed from Roslyn Farm Corporation, dated January 11, 1993, recorded February 24, 1993 in Deed Book 2308, page 741 of the land records of Chesterfield County, Virginia.

SCHEDULE B

OPERATING AND MAINTENANCE COSTS OF THE FACILITIES

The current expenses directly and indirectly attributable to the ownership or operation of the Facilities, including, without intending to limit or restrict any proper definition of such expenses under any applicable laws or generally accepted accounting principles:

1. Salaries and wages (including but not limited to any and all applicable taxes and contributions for old age and retirement benefits, unemployment insurance, life pensions, annuities and social security taxes (federal and state) and other employee benefits) of the Executive Director, superintendents, foremen, technicians, operators and laborers.
2. Cost of chemicals, oil, grease and laboratory supplies.
3. Maintenance costs of equipment (including but not limited to automotive equipment), buildings and grounds.
4. Cost of sludge disposal operations (including but not limited to landfilling, land application and other disposal methods).
5. Electric power, fuel oil, gas and other utility services (including but not limited to gasoline and oil for the operation of automotive equipment).
6. Repairs to plant and equipment.
7. Cost of City water.
8. Cost of insurance.
9. The fees and expenses of the consulting engineer(s) employed by the Authority to advise the Authority on the operation and maintenance of the Facilities.
10. The fees and expenses of the certified public accountant(s) retained by the Authority to prepare the annual audit and financial report for the Facilities.
11. The fees and expenses of the attorneys retained by the Authority to advise it on all legal aspects of ownership, operation and maintenance of the Facilities.

12. To the extent permitted by law, any fines, penalties, attorneys' fees and costs incurred by or assessed against the Authority as a result of a violation of any laws, regulations or permits applicable to the operation or maintenance of the Facilities, if such violation is not intentional.
13. All other lawful costs of complying with the terms and conditions of this Agreement.
14. Reimbursement and compensation of members of the Board, including but not limited to such costs as may be associated with their serving as officers.

SCWNA

SCHEDULE C
TABLE 1

Petersburg General Obligation Debt

	Plant Related Debt %	Amounts	Total Borrowing	Prepayments / Borrowing	Principal Allocation	Principal Allocation %
Petersburg	52.50%	3,008,804	4,442,749	1,146,212	5,588,961	78.00%
Colonial Heights	20.00%	1,146,211	1,146,211	-	1,146,211	16.00%
Chesterfield	10.00%	573,106	573,106	(573,106)	-	0.00%
Dinwiddie	10.00%	573,106	573,106	(573,106)	-	0.00%
Prince George	7.50%	429,828	429,828	-	429,828	6.00%
	100.00%	5,731,055	7,165,000	-	7,165,000	100.00%

SCHEDULE C
TABLE 2

SOUTH CENTRAL WASTEWATER AUTHORITY
Petersburg General Obligation Bonds
Debt Service Allocations

Fiscal Year	1990 G.O.	1993 G.O.	Total G.O.	Petersburg 78.00%	Colonial Heights 16.00%	Prince George 6.00%
1997	354,408.00	360,088.00	714,496.00	557,306.88	114,319.36	42,869.76
1998	356,118.00	357,683.00	713,801.00	556,764.78	114,208.16	42,828.06
1999	356,273.00	360,180.00	716,453.00	558,833.34	114,632.48	42,987.18
2000		722,345.00	722,345.00	563,429.10	115,575.20	43,340.70
2001		719,075.00	719,075.00	560,878.50	115,052.00	43,144.50
2002		719,500.00	719,500.00	561,210.00	115,120.00	43,170.00
2003		719,500.00	719,500.00	561,210.00	115,120.00	43,170.00
2004		720,810.00	720,810.00	562,231.80	115,329.60	43,248.60
2005		716,863.00	716,863.00	559,153.14	114,698.08	43,011.78
2006		721,450.00	721,450.00	562,731.00	115,432.00	43,287.00
2007		724,048.00	724,048.00	564,757.44	115,847.68	43,442.88
2008		719,595.00	719,595.00	561,284.10	115,135.20	43,175.70
2009		723,595.00	723,595.00	564,404.10	115,775.20	43,415.70
2010		725,190.00	725,190.00	565,648.20	116,030.40	43,511.40
Totals	<u>1,066,799.00</u>	<u>9,009,922.00</u>	<u>10,076,721.00</u>	<u>7,859,842.38</u>	<u>1,612,275.36</u>	<u>604,603.26</u>

- (1) Principal allocation for Petersburg is \$5,588,961.
- (2) Principal allocation for Colonial Heights is \$1,146,211.
- (3) Principal allocation for Prince George is \$429,828.

SCHEDULE E

TABIE 1

SOUTH CENTRAL WASTEWATER AUTHORITY
Principal Allocators

Virginia Revolving Loan Fund Borrowing

	Total Initial Borrowing	Principal Payments To Date			Total	Remaining Plant Related Balance	Allocation %	Remaining Non-Plant	Interim Balance	Prepayments / Borrowing	Principal Allocation	Principal Allocation %
		Plant	Non-Plant	Non-Plant %								
Petersburg	12,364,485.27	333,053.78	8,715.34	2.55%	341,769.12	11,455,324.71	52.50%	567,401.44	12,022,726.15	-	12,022,726.15	53.53%
Colonial Heights	4,470,112.24	105,263.31	915.71	0.86%	106,179.02	4,363,933.22	20.00%	-	4,363,933.22	4,364,293.00	8,728,226.22	38.86%
Chesterfield	2,217,377.31	35,105.31	305.39	0.86%	35,410.70	2,181,966.61	10.00%	-	2,181,966.61	(2,181,966.61)	-	0.00%
Dimwiddle	2,217,171.83	34,901.60	303.62	0.86%	35,205.22	2,181,966.61	10.00%	-	2,181,966.61	(2,181,966.61)	-	0.00%
Prince George	1,659,143.57	22,473.10	195.50	0.86%	22,668.60	1,636,474.97	7.50%	-	1,636,474.97	71,340.00	1,707,814.97	7.61%
	<u>22,928,300.22</u>	<u>530,797.10</u>	<u>10,435.56</u>		<u>541,232.68</u>	<u>21,819,666.12</u>	<u>100.00%</u>	<u>567,401.44</u>	<u>22,387,067.56</u>	<u>71,699.78</u>	<u>22,458,767.34</u>	<u>100.00%</u>

Breakdown of Estimated Project Costs	
Plant Related	22,081,858.00
Main Pump Station	192,096.00
Subtotal	22,273,954.00
Monitoring System, etc.	385,741.00
Total	<u>22,659,695.00</u>
Non-Plant Total	577,837.00

SCHEDULE E

TABLE 2

SOUTH CENTRAL WASTEWATER AUTHORITY
Virginia Revolving Loan Fund Borrowing
Debt Service Allocations

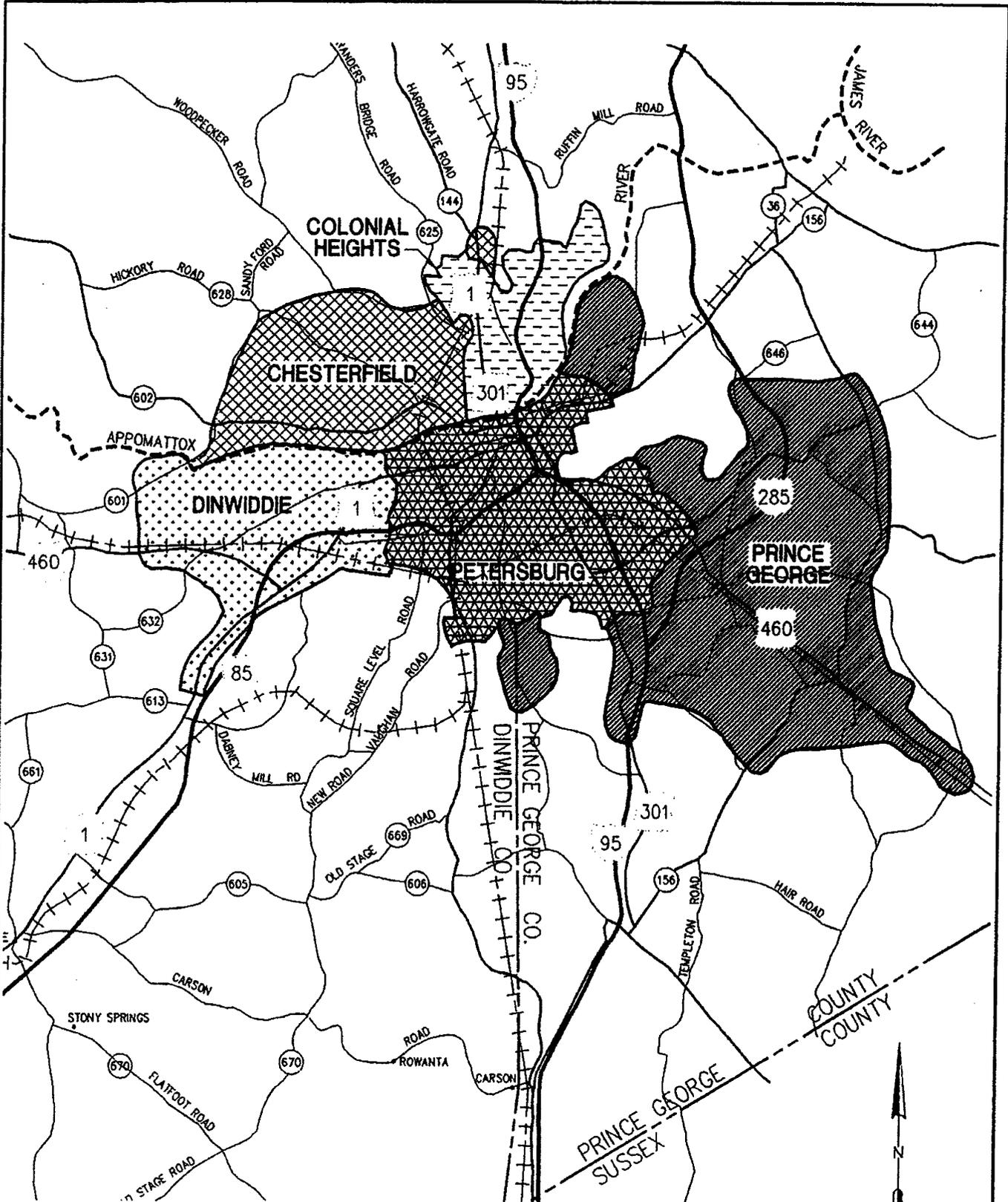
Date	Total RLF Payment	Colonial		Chesterfield	Dinwiddie	Prince George (1)
		Petersburg (1)	Heights (1)			
10/1/96	894,846.60	479,011.38 (2)	347,737.39 (2)	-	-	68,097.83 (2)
4/1/97	937,449.14	501,816.52	364,292.74	-	-	71,339.88
10/1/97	937,449.14	501,816.52	364,292.74	-	-	71,339.88
4/1/98	937,449.14	501,816.52	364,292.74	-	-	71,339.88
10/1/98	937,449.14	501,816.52	364,292.74	-	-	71,339.88
4/1/99	937,449.14	501,816.52	364,292.74	-	-	71,339.88
10/1/99	937,449.14	501,816.52	364,292.74	-	-	71,339.88
4/1/00	937,449.14	501,816.52	364,292.74	-	-	71,339.88
10/1/00	937,449.14	501,816.52	364,292.74	-	-	71,339.88
4/1/01	937,449.14	501,816.52	364,292.74	-	-	71,339.88
10/1/01	937,449.14	501,816.52	364,292.74	-	-	71,339.88
4/1/02	937,449.14	501,816.52	364,292.74	-	-	71,339.88
10/1/02	937,449.14	501,816.52	364,292.74	-	-	71,339.88
4/1/03	937,449.14	501,816.52	364,292.74	-	-	71,339.88
10/1/03	937,449.14	501,816.52	364,292.74	-	-	71,339.88
4/1/04	937,449.14	501,816.52	364,292.74	-	-	71,339.88
10/1/04	937,449.14	501,816.52	364,292.74	-	-	71,339.88
4/1/05	937,449.14	501,816.52	364,292.74	-	-	71,339.88
10/1/05	937,449.14	501,816.52	364,292.74	-	-	71,339.88
4/1/06	937,449.14	501,816.52	364,292.74	-	-	71,339.88
10/1/06	937,449.14	501,816.52	364,292.74	-	-	71,339.88
4/1/07	937,449.14	501,816.52	364,292.74	-	-	71,339.88
10/1/07	937,449.14	501,816.52	364,292.74	-	-	71,339.88
4/1/08	937,449.14	501,816.52	364,292.74	-	-	71,339.88
10/1/08	937,449.14	501,816.52	364,292.74	-	-	71,339.88
4/1/09	937,449.14	501,816.52	364,292.74	-	-	71,339.88
10/1/09	937,449.14	501,816.52	364,292.74	-	-	71,339.88
4/1/10	937,449.14	501,816.52	364,292.74	-	-	71,339.88
10/1/10	937,449.14	501,816.52	364,292.74	-	-	71,339.88
4/1/11	937,449.14	501,816.52	364,292.74	-	-	71,339.88
10/1/11	937,449.14	501,816.52	364,292.74	-	-	71,339.88
4/1/12	937,449.14	501,816.52	364,292.74	-	-	71,339.88
10/1/12	937,449.14	501,816.52	364,292.74	-	-	71,339.88
4/1/13	937,449.14	501,816.52	364,292.74	-	-	71,339.88
10/1/13	937,449.14	501,816.52	364,292.74	-	-	71,339.88
4/1/14	937,449.14	501,816.52	364,292.74	-	-	71,339.88
10/1/14	937,449.31 (3)	501,816.62 (3)	364,292.80 (3)	-	-	71,339.89 (3)
	<u>34,643,015.81</u>	<u>18,544,406.36</u>	<u>13,462,275.94</u>	<u>-</u>	<u>-</u>	<u>2,636,333.50</u>

(1) As shown on Table 1 of Schedule E, the principal allocation for Petersburg is \$12,022,726.15, for Colonial Heights is \$8,728,226.22 and for Prince George is \$1,707,814.97.

(2) The 10/1/96 payments will be adjusted to reflect the shares, allocable to each Incorporating Subdivision, of the interest accrued on the RLF Bond for the period April 1, 1996 to July 2, 1996.

(3) Please note that this analysis assumes that the remainder of the loan is drawn down before October 1, 1996. The actual breakdown of principal and interest will be slightly different since the final drawdown of funds is not expected until April of 1997. The total amount of each payment should not change, except that the last payment will be adjusted based upon the remaining balance.

PLOT DATE 06/25/96 2:14 PM PLOT SCALE = 1:1 CAD FILE = H:\3513\O&M\3513-070 by RWB XREF FILE = NONE



**SCHEDULE D
SERVICE AREA
SOUTH CENTRAL WASTEWATER AUTHORITY**
NOT TO SCALE

